

# INFORMATION BULLETIN

## WELFARE-TO-WORK

Employment Development Department

Number: WB99-3

Date: January 27, 1999  
Expiration Date: 12/31/99  
69:86:gl

TO: SERVICE DELIVERY AREA ADMINISTRATORS  
PRIVATE INDUSTRY COUNCIL CHAIRPERSONS  
WELFARE-TO-WORK 15 PERCENT SUBGRANTEES  
COUNTY WELFARE DIRECTORS  
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES STAFF  
EDD EXECUTIVE STAFF  
WORKFORCE DEVELOPMENT BRANCH STAFF

SUBJECT: EXTENSION OF WOTC AND WtW TAX CREDIT PROGRAMS

This information bulletin announces the extension of the Work Opportunity Tax Credit (WOTC) and Welfare-to-Work (WtW) Tax Credit programs. The Tax and Trade Relief Act of 1998 (Act) was signed into law as part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 (P.L. 105-277). The Act extends the WOTC program without changes until June 30, 1999. Additionally, the Act makes the tax credit retroactive to June 30, 1998. The WtW Tax Credit program, which was scheduled to expire on April 30, 1999, is also extended without changes to June 30, 1999.

The Job Training Partnership Act Directive D97-22, dated July 6, 1998, Subject: The Work Opportunity and WtW Tax Credit Programs, will be updated to reflect this extension. Further information regarding the WOTC and WtW Tax Credit programs is available in the Department of Labor's Employment Service Program Letter Number 2-99. Additional information is accessible through the Job Service Division's web site at:

<http://www.edd.cahwnet.gov/wotcind.htm>

If you have any questions, please contact Jeanne Sweeney of the Job Service Division at [jsweeney@edd.ca.gov](mailto:jsweeney@edd.ca.gov) or (916) 654-9715.

/S/ BILL BURKE  
Assistant Deputy Director

Attachment

\*\*\*\*\*FORMATTED FOR ELECTRONIC TRANSMISSION\*\*\*\*\*

<b>U.S. Department of Labor</b> Employment and Training Administration Washington, D.C. 20210	CLASSIFICATION ES
	CORRESPONDENCE SYMBOL TEESS
	DATE November 5, 1998

DIRECTIVE: EMPLOYMENT SERVICE PROGRAM LETTER No. 2-99

TO: ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM: JOHN R. BEVERLY, III  
Director  
U. S. Employment Service

SUBJECT: Reauthorization of the Work Opportunity Tax Credit (WOTC) Program and the Welfare-to-Work Tax (WtW) Credit

- Purpose.** To announce the reauthorization of the Work Opportunity Tax Credit Program and extension of the WtW Tax Credit Under the Tax and Trade Relief Extension Act of 1998 (P.L. 105-277), § 1002 and 1003 respectively.
- References.** *Tax and Trade Relief Extension Act of 1998* --the Act-- part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 105-277 (112 Stat. 2681); Internal Revenue Code of 1986, Sections 51 and 51A, as amended; and Employment and Training Administration (ETA) Handbook No. 408, Second Edition, November 1998.
- Background.** The current WOTC program's legislative authority expired June 30, 1998 and the WtW Tax Credit was set to expire on April 30, 1999.
- Authorization.** The Tax and Trade Relief Extension Act of 1998 (P.L. 105-277) was signed into law on October 21, 1998. It extends the WOTC program --without changes-- for a 12-month period through June 30, 1999, and makes the program retroactive to its expiration date of June 30, 1998. The reauthorization applies to all target group individuals who begin work for an employer on/or after July 1, 1998 and before July 1, 1999. Also, the Act extends the WtW Tax Credit through June 30, 1999. As a result of this reauthorization, State Employment Security Agencies (SESA) are

RESCISSIONS ESPL No. 1-99	EXPIRATION DATE June 30, 1999
------------------------------	----------------------------------

instructed to process all timely requests for certification received and filed during the period of July 1, 1998 to October 21, 1998. Because this Act made no changes to the WOTC or WtW tax credits, SESAs' certification and program operation responsibilities for these two tax credits remain the same as described in the second edition, November 1998, of ETA Handbook No. 408. (This Handbook will be issued shortly under separate cover). These include procedures for: determining target group eligibility and issuing certifications; establishing working partnerships with different participating agencies at the State and local levels for resolving technical issues; clarifying target group qualifications; issuing Conditional Certifications; conducting verification activities; complying with quarterly reports' responsibilities; and for records' retention.

5. **Funding.** Twenty (20) million dollars have been appropriated for the administration of WOTC and WtW during Fiscal Year (FY) 1999. These funds will be allocated to the SESAs based on a formula that takes into consideration each State's: a) workload data as reported in the last quarter of the fiscal year, b) percentage of the Civilian Labor Force, and c) percentage of the population on Welfare. Allocations and information on the availability of these funds with an adjustment for postage will be issued shortly under separate cover. States may continue to use indicia mail.
6. **Reporting Authority.** Pursuant to the Paperwork Reduction Act of 1995, the Office of Management and Budget (OMB) has approved the information collection requested for the WOTC/WtW administrative and reporting forms. ETA Reporting Forms 9057, 9058, 9059 and ETA Administrative Forms 9061, 9062, 9063, and 9065 are approved under OMB No. 1205-0371, with an expiration date of June 30, 2001. However, please note that OMB permits the use of expired forms when the form is unchanged. This is intended to avoid unnecessary expenses in duplication and distribution. Therefore, the SESAs are instructed to continue to accept the July 31, 1998, ETA 9061 expired form until further instructed by DOL/ETA, U.S. Employment Service.
7. **Action Required.** SESA Administrators are requested:
  - a. to provide this information to appropriate staff, employers and participating agencies, and administer the WOTC and WtW tax credits in accordance with the guidance provided in the second edition, November 1998, of ETA Handbook No. 408,
  - b. not to include any certification activities in their the 4th Quarter, FY 1998 reports, resulting from employers' requests for certification received during the period of July 1, 1998 to September 30, 1998. All processing, verification, and certification activities performed during this and the subsequent period of October 1 – 21, 1998, under the WOTC program, should be prepared and reported as Quarter 1 data, FY 1999, and
  - c. inform the SESAs and appropriate staff that these guidelines are effective upon receipt.

8. **Inquiries.** Direct all questions to the appropriate Regional WOTC/WtW Coordinator.
9. **Attachments.** ETA Quarterly Reporting Forms 9057, 9058, and 9059 and ETA Administrative Forms 9061, 9062, 9063 and 9065, Clarification to Instructions for ETA Form 9058, Report No. 2, and FY 1999 Reporting Schedule.